

SMALL BUSINESS LOAN FUND CORPORATION

MINUTES OF THE BOARD OF DIRECTORS

January 26, 2012

PUBLIC SESSION

A monthly meeting of the Board of Directors (the "Board") of the Small Business Loan Fund Corporation (the "Corporation") was held in public session at the offices of the Rhode Island Economic Development Corporation, 315 Iron Horse Way, Suite 101, Providence, Rhode Island on January 26, 2012, scheduled for 9:30 a.m., pursuant to notice of the meeting to all Directors, and public notice of the meeting as required by the By-Laws of the Corporation and by Rhode Island General Law 42-46-6.

The following Directors were present and participated throughout the meeting: Mr. Raymond Fogarty, Mr. William Parsons, Mr. Richard DeMerchant and Ms. Leslie Taito.

The following Director(s) were absent: Mr. Thomas Stocker.

Also present were: Sean Esten, Corporation Administrator, Dan Price, Corporation Staff, Adam Quinlan, Corporation Staff, Stacy Farrell, Corporation Staff, Susan Morgan, Corporation Administrator, Earl F. Queenan, Managing Director of Financial Services, Christopher Cannata, Corporation Staff, and Tom Moses, Legal Counsel, Moses & Afonso, Ltd.

Mr. Fogarty presided over the meeting.

1. Call to Order.

Mr. Fogarty called the meeting to order at 9:29 a.m.

2. Approval of the Minutes of the Meeting Held on December 15, 2011 and Minutes of the Emergency Meeting held on December 21, 2011.

The first item to come before the Board was approval of the Public Session Minutes and the Executive Session Minutes of the Board meeting held on December 15, 2011 and the Public Session Minutes and the Executive Session Minutes of the Emergency Board meeting held on December 21, 2011. Upon motion duly made by Mr. Parsons and seconded by Ms. Taito, the motion to approve the Public Session Minutes and the Executive Session Minutes of the above noted meetings as presented was duly adopted.

The following Directors voted in favor of the foregoing: Mr. Parsons, Mr. DeMerchant and Ms. Taito.

The following Directors voted against the foregoing: None.

The following Directors were absent for the vote: Mr. Stocker.

3. Maintain the Executive Minutes of December 15, 2011 and December 21, 2011 as Confidential.

The next item to come before the Board was a vote to maintain the confidentiality of the Executive Session Minutes of the Board meeting held on December 15, 2011 and December 21, 2011. Upon motion duly made by Ms. Taito and seconded by Mr. DeMerchant, the motion to maintain the confidentiality of the Executive Session Minutes of the above noted meetings as presented was duly adopted.

The following Directors voted in favor of the foregoing: Mr. Parsons, Mr. DeMerchant and Ms. Taito

The following Directors voted against the foregoing: None.

The following Directors were absent for the vote: Mr. Stocker.

4. Report of Cash Position as of December 31, 2011.

Mr. Queenan asked if there were any questions or comments regarding the Cash Report for the period ended December 31, 2011 (Exhibit A). There was discussion regarding the limited lending capability of the fund. Mr. Queenan indicated that staff was aware of this and stated that there needed to be a focus on marketing the program to high growth companies in order to deploy the funds received by SBLFC by the State Small Business Credit Initiative (SSBCI). Companies applying for these funds must reasonably demonstrate the ability to leverage the funds, on average, 10 to 1 with follow on capital, in the form of additional debt or with equity. Additionally Mr. Queenan noted that some of the commitments currently set aside for a current foreclosure may be freed up. He deferred to Mr. Moses who indicated he would further update the board as to the proceeding in Executive Session. There was no further discussion on this report.

5. Delinquency Loan Report as of January 20, 2012.

Mr. Queenan asked if there were any questions regarding the Loan Delinquency report dated January 20, 2012 (Exhibit B), or the notes from the Delinquency subcommittee meeting which took place on January 12, 2012 (Exhibit C). There was no discussion regarding these items.

6. Approval of Agreement with Slater Technology Fund regarding SSBCI (State Small Business Credit Initiative) funding.

Mr. Queenan asked Mr. Moses to discuss his Memorandum (Exhibit D) which addressed the keys points of the Resolution with Slater technology Fund (Exhibit E). Mr. Stokes, Executive Director of RIEDC, and Tim Cole, RIEDC Staff, joined the meeting at this time to answer any questions regarding this transaction. Mr. Moses noted that the Resolution was not entirely complete, however any changes made at this point would be very minor. Funds were anticipated to be deployed to Slater by January 31, 2012, therefore it was suggested that the Board grant the ability to approve minor changes to designated staff in order to avoid the need for an additional Board meeting prior to funding. Ms. Taito

asked that any changes be reported to the Board at the next meeting. There was no further discussion regarding the Resolution. Upon motion duly made by Ms. Taito and seconded by Mr. Parsons, the following vote was adopted:

That the Corporation does hereby authorize and empower Sue Morgan, the Administrator of the Corporation, or in her absence, the Rhode Island Economic Development Corporation's Managing Director Finance or the Rhode Island Economic Development Corporation's Executive Director or their respective successors in office, on behalf of the Corporation (collectively, the "Authorized Officers") to grant the Slater Allocated Funds to Slater pursuant to the terms and conditions of the Grant Agreement as presented to the Board of Directors on this date (with such changes as may be necessary and appropriate as determined by any Authorized Officer in his or her sole discretion and subject to completion of any final negotiation of all terms and due diligence matters related thereto), and to execute and deliver the Grant Agreement and such other agreements, documents and amendments necessary and appropriate by the Authorized Officers to consummate the grant and comply with the reporting requirements set forth in the Allocation Agreement.

The following Directors voted in favor of the foregoing: Mr. Parsons, Mr. DeMerchant and Ms. Taito

The following Directors voted against the foregoing: None.

The following Directors were absent for the vote: Mr. Stocker.

7. SSBCI Funding Reallocation

Mr. Queenan reminded the Board that since the agreement with Slater Technology Fund was still in negotiations at the time SBLFC received the initial tranche of funds from the Department of Administration associated with the \$13.1 million received from the SSBCI funds, the Board voted to allocate \$1.4 million to Beta Spring and to retain the remainder of the initial funding (\$2.9 million) with SBLFC until the agreement was finalized. Now that this was anticipated to take place in the very near future Mr. Queenan asked that the Board vote to reallocate some funds to Slater at this time. Upon motion duly made by Mr. Parsons and seconded by Mr. DeMerchant, a motion to allocate \$1.5 million to Slater Technology, with the remaining \$1.4 million from the initial tranche to remain with the SBLFC was duly adopted.

The following Directors voted in favor of the foregoing: Mr. Parsons, Mr. DeMerchant, and Ms. Taito.

The following Directors voted against the foregoing: None.

The following Directors were absent for the vote: Mr. Stocker.

8. SBLFC Retreat Planning

Mr. Fogarty noted the need for staff and Board members to hold a special meeting to discuss policy, procedure, marketing, and other strategic planning items. The meeting will take place at Bryant University's Bello Center on February 2, 2012, from 11:00a.m. to 4:00p.m. There was no further discussion regarding this matter.

Executive Session

Mr. Fogarty suggested that the Board move into executive session. Upon motion duly made by Ms. Taito and seconded by Mr. Parsons, the motion to move the meeting into executive session pursuant to Rhode Island Open Meetings Law 42-46-5(a)(6) of the General Laws of the State of Rhode Island, as amended, was duly adopted.

The following Directors voted in favor of the foregoing: Mr. Parsons, Ms. Taito, and Mr. DeMerchant.

The following Directors voted against the foregoing: None.

The following Directors were absent for the vote: Mr. Stocker.

Public session concluded and executive session began at 10:20 a.m.

9. Executive Session Vote Ratification

Mr. Fogarty called for ratification of the votes adopted during Executive Session. Upon motion duly made by Ms. Taito and seconded by Mr. Parsons, the following votes were ratified:

- (a) To approve the request for a \$250,000 loan by High Jinx Brewing Company, LLC.
- (b) To approve the request for a \$200,000 loan by General Fabrics Company.
- (c) To approve the request for a \$250,000 loan by Infusion Resource, LLC.
- (d) To table the Collateral Subordination request of Subsalue USA Corporation for staff to restructure the request.

The following Directors voted in favor of the foregoing: Mr. Parsons, Ms. Taito, and Mr. DeMerchant.

The following Directors voted against the foregoing: None.

The following Directors were absent for the vote: Mr. Stocker.

10. Other Business

Staff noted that the next regularly scheduled meeting of the SBLFC Board taking place on February 23, 2012 is being moved from 9:30 a.m. to 1:00 p.m. due to a scheduling conflict for staff and Board members.

There being no further business to come before the Board, Mr. Fogarty called for a vote to adjourn the meeting. Upon motion duly made by Ms. Taito and seconded by Mr. Parsons, the motion to adjourn the meeting was duly adopted.

The following Directors voted in favor of the foregoing: Mr. Parsons, Ms. Taito, and Mr. DeMerchant.

The following Directors voted against the foregoing: None.

The following Directors were absent for the vote: Mr. Stocker.

The meeting was adjourned at 11:34 a.m.

Respectfully submitted,

/s/ Sean Esten
Sean W. Esten, Administrator

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